



# **TANTALUS SYSTEMS HOLDING INC.**

## **Interim Condensed Consolidated Financial Statements**

For the three-month and nine-month periods ended  
September 30, 2025 and 2024

*(expressed in thousands of U.S. dollars)*

*(Unaudited)*

# TANTALUS SYSTEMS HOLDING INC.

## Consolidated Statements of Financial Position

(Unaudited)

(Expressed in thousands of U.S. dollars)

		September 30,	December 31,
	Note	2025	2024
<b>Assets</b>	<b>6</b>		
Current assets			
Cash		\$ 9,817	\$ 13,219
Accounts receivable	3	7,567	10,011
Inventory	4	6,173	4,832
Prepaid expenses and other assets		1,443	1,829
Total current assets		25,000	29,891
Property and equipment		1,131	731
Right of Use assets		1,602	2,038
Intangible assets		4,866	5,443
Goodwill		3,445	3,445
Total assets		\$ 36,044	\$ 41,548
<b>Liabilities and Shareholders' Equity</b>			
Current liabilities			
Accounts payable and accrued liabilities	5	\$ 15,348	\$ 15,629
Deferred revenue and deposits		5,014	6,055
Lease liabilities		769	843
Line of credit	6	-	3,679
Term loan - current portion	6	1,402	1,535
Total current liabilities		22,533	27,740
Deferred revenue and deposits		37	103
Lease liabilities		1,093	1,392
Term loan	6	5,581	5,372
Total liabilities		29,244	34,607
Total shareholders' equity		6,800	6,941
Total liabilities and shareholders' equity		\$ 36,044	\$ 41,548

See accompanying notes to consolidated financial statements.

**TANTALUS SYSTEMS HOLDING INC.**  
**Consolidated Statements of Operations and Comprehensive Earnings (Loss)**  
**(Unaudited)**

*(Expressed in thousands of U.S. dollars except for shares and per share amounts)*

	<i>Note</i>	Three months ended September 30, 2025	Three months ended September 30, 2024	Nine months ended September 30, 2025	Nine months ended September 30, 2024
Revenues	10	\$ 14,197	\$ 11,589	\$ 39,188	\$ 31,722
Cost of sales	4, 10	6,397	5,044	17,941	14,294
		7,800	6,545	21,247	17,428
<b>Expenses</b>					
Sales and marketing	7(e)	2,584	2,387	8,146	6,775
Research and development	7(e)	1,729	1,668	4,966	5,627
General and administrative	7(e)	2,543	1,979	6,911	5,535
Depreciation and amortization		421	438	1,247	1,323
		7,276	6,472	21,270	19,260
<b>Operating income (loss)</b>		524	73	(23)	(1,832)
<b>Other (expenses) earnings</b>					
Foreign exchange gain (loss)		18	(33)	(252)	171
Interest income		33	-	33	-
Finance expenses		(199)	(401)	(921)	(1,235)
Unrealized gain on loan modification	6	-	-	16	-
		(147)	(434)	(1,123)	(1,064)
<b>Income (loss) before income taxes</b>		376	(361)	(1,146)	(2,896)
Income tax (recovery) expense		(8)	-	25	22
Income (loss) for the period		384	(361)	(1,170)	(2,917)
Foreign currency translation adjustment		-	-	2	(9)
<b>Total comprehensive income (loss) for the period</b>		\$ 384	\$ (361)	\$ (1,168)	\$ (2,926)
<b>Income (loss) per share (basic and diluted)</b>		\$ 0.01	\$ (0.01)	\$ (0.02)	\$ (0.06)
<b>Weighted average number of shares outstanding (basic and diluted)</b>	8	51,335,322	50,845,942	51,088,896	47,561,270

See accompanying notes to consolidated financial statements.

# TANTALUS SYSTEMS HOLDING INC.

## Consolidated Statements of Changes in Shareholders' Equity (Unaudited)

(Expressed in thousands of U.S. dollars except for shares)

		Common Shares		Other Capital	Accumulated Other Comprehensive			Total Shareholders'
	Note	Number	Amount	Reserves	Income	Deficit		Equity
Balance, December 31, 2023		44,595,942	\$ 88,143	\$ 41,452	\$ 1,919	\$ (129,195)	\$	2,319
Share-based compensation	7 (e)	-	-	383	-	-		383
Issuance of common shares from financing		6,250,000	7,296	-	-	-		7,296
Share issuance costs		-	(856)	224	-	-		(632)
Foreign currency translation adjustment		-	-	-	(9)	-		(9)
Loss for the period		-	-	-	-	(2,917)		(2,917)
Balance, September 30, 2024		50,845,942	\$ 94,583	\$ 42,059	\$ 1,910	\$ (132,112)	\$	6,439
Balance, December 31, 2024		50,845,942	\$ 94,583	\$ 42,272	\$ 1,909	\$ (131,823)	\$	6,941
Share-based compensation	7 (e)	-	-	800	-	-		800
Issuance of common shares	7 (b)(c)(d)	588,211	638	(409)	-	-		228
Foreign currency translation adjustment		-	-	-	2	-		2
Loss for the period		-	-	-	-	(1,170)		(1,170)
Balance, September 30, 2025		51,434,153	\$ 95,220	\$ 42,662	\$ 1,911	\$ (132,993)	\$	6,800

See accompanying notes to consolidated financial statements.

# TANTALUS SYSTEMS HOLDING INC.

## Consolidated Statements of Cash Flows (Unaudited)

(Expressed in thousands of U.S. dollars)

		Three months ended September 30, 2025	Three months ended September 30, 2024	Nine months ended September 30, 2025	Nine months ended September 30, 2024
	Note				
<b>Cash (used in) provided by</b>					
Operating Activities					
Income (loss) for the period		\$ 384	\$ (361)	\$ (1,170)	\$ (2,917)
Adjustments to reconcile loss for the period to net cash flows:					
Unrealized foreign exchange gain (loss)		12	(20)	122	30
Depreciation of equipment		88	85	234	264
Amortization of intangible assets		192	192	577	577
Amortization of right-of-use asset		141	160	436	481
Share-based compensation	7 (e)	252	74	800	383
Finance expenses		199	401	921	1,235
Amortization of deferred financing cost		1	5	22	16
Unrealized gain on loan modification		-	-	(16)	-
Changes in Non-Cash Operating Working Capital					
Accounts receivable	3	2,377	838	2,444	(238)
Inventory	4	(893)	(119)	(1,341)	1,293
Prepaid expenses and other assets		164	(7)	386	(133)
Accounts payable and accrued liabilities	5	(1,074)	1,487	(382)	(338)
Deferred revenue and deposits		(2,966)	(3,271)	(1,108)	(114)
Lease payments for interest		(37)	(49)	(121)	(156)
Interest paid on loans	6	(162)	(352)	(800)	(1,080)
Net Cash (used in) provided by Operating Activities		(1,322)	(936)	1,004	(695)
Investing Activities					
Purchase of equipment		(242)	(56)	(634)	(161)
Net Cash used in Investing Activities		(242)	(56)	(634)	(161)
Financing Activities					
Repayment of indebtedness	6	-	-	(3,986)	(821)
Change in restricted cash		-	-	-	673
Accrued interest on term loan		211	-	372	-
Repayment of lease liabilities		(186)	(179)	(500)	(476)
Issuance of common shares from financing		-	-	-	7,296
Issuance of common shares - other	7 (b)	198	-	335	-
Share issuance costs		-	-	-	(632)
Net Cash provided by (used in) Financing Activities		223	(179)	(3,779)	6,040
Effect of foreign exchange on cash		(17)	69	7	(32)
(Decrease) Increase in cash		(1,359)	(1,103)	(3,403)	5,151
Cash, beginning of period		11,175	11,408	13,219	5,154
<b>Cash, end of period</b>		<b>\$ 9,817</b>	<b>\$ 10,305</b>	<b>\$ 9,817</b>	<b>\$ 10,305</b>

See accompanying notes to consolidated financial statements.

# TANTALUS SYSTEMS HOLDING INC.

## Notes to Consolidated Financial Statements (Unaudited)

*(Expressed in thousands of U.S. dollars except for shares)*

Three-months and nine-months ended September 30, 2025 and 2024

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### 1. Reporting Entity

Tantalus Systems Holding Inc. (“Tantalus” or the “Company”) is a technology company dedicated to helping utilities modernize their distribution grids by harnessing the power of data across all their devices and systems deployed throughout the entire distribution grid. Tantalus’ business operations are in Canada and in the United States.

The Company’s head office is located in Burnaby, British Columbia, Canada. The Company’s registered office is located in Vancouver, British Columbia, Canada. The Company’s direct and indirect operating subsidiaries have offices in Raleigh, North Carolina, United States and Norwalk, Connecticut, United States.

### 2. Basis of Presentation

#### *(i) Statement of Compliance*

These interim condensed consolidated financial statements (“Interim Financial Statements”) have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting (“IAS 34”), and have been prepared using the historical cost basis and the same accounting policies as those disclosed in the Company’s audited consolidated financial statements for the year ended December 31, 2024 (“Annual Financial Statements”). Accordingly, these Interim Financial Statements do not include all disclosures required for annual financial statements and should be read in conjunction with the Company’s Annual Financial Statements.

The Interim Financial Statements were authorized for issue by the Company’s Board of Directors on November 12, 2025.

#### *(ii) Presentation*

Selected explanatory notes are included in these Interim Financial Statements to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the last Annual Financial Statements of the Company.

# TANTALUS SYSTEMS HOLDING INC.

## Notes to Consolidated Financial Statements (Unaudited)

(Expressed in thousands of U.S. dollars except for shares)

Three-months and nine-months ended September 30, 2025 and 2024

### 3. Accounts Receivable

	September 30, 2025		December 31, 2024	
Accounts receivable	\$	8,227	\$	10,863
Less: allowance for doubtful accounts		(660)		(852)
<b>Net Accounts receivable</b>	<b>\$</b>	<b>7,567</b>	<b>\$</b>	<b>10,011</b>

### 4. Inventory

	September 30, 2025		December 31, 2024	
Raw materials	\$	2,700	\$	3,078
Finished goods		3,473		1,754
<b>Inventory</b>	<b>\$</b>	<b>6,173</b>	<b>\$</b>	<b>4,832</b>

During the three months ended September 30, 2025, the Company charged \$4,741 (inclusive of \$530 in tariffs) (2024: \$3,546) of inventory related amounts to cost of sales. During the nine months ended September 30, 2025, the Company charged \$13,535 (inclusive of \$826 in tariffs) (2024: \$10,083) of inventory related amounts to cost of sales.

Management assesses the valuation of inventory at the end of each period resulting in valuation adjustments accounted for in the respective period. Inventory adjustments for obsolescence in the amounts of \$165 (2024: \$180) were recorded in cost of sales during the three months ended September 30, 2025, and September 30, 2024, and \$330 (2024: \$387) during the nine months ended September 30, 2025, and September 30, 2024, respectively.

The Company has an inventory obsolescence reserve balance of \$1,116 as at September 30, 2025 (December 31, 2024: \$808).

### 5. Accounts Payable and Accrued Liabilities

	September 30, 2025		December 31, 2024	
Trade payables and other payables	\$	8,572	\$	7,986
Accrued liabilities		5,578		6,687
Accrued warranty		1,198		956
<b>Total</b>	<b>\$</b>	<b>15,348</b>	<b>\$</b>	<b>15,629</b>

# TANTALUS SYSTEMS HOLDING INC.

## Notes to Consolidated Financial Statements (Unaudited)

*(Expressed in thousands of U.S. dollars except for shares)*

Three-months and nine-months ended September 30, 2025 and 2024

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### 6. Loans

#### (a) Line of Credit

The facility consists of a secured line of credit up to a maximum of \$8,500 subject to a borrowing base calculation equal to the aggregate of a percentage of eligible receivables and inventory.

On April 17, 2025, the Line of Credit facility was amended to: (i) extend the maturity date to June 30, 2027, (ii) modify covenants including eliminating the minimum cash covenant entirely (previously a minimum cash balance of \$3,500 at all times) and the liquidity ratio is applicable only if total borrowings under the facility exceed \$5.0 million, (iii) change the interest rate to either Comerica's prime plus 1.25% (previously prime plus 2.00%) or SOFR plus 4.25% with the rate to be selected by Tantalus, (iv) change in reporting frequency from monthly reporting to quarterly reporting provided net cash (specifically cash less line of credit balance) is greater than zero, and (v) selection of trailing 6 month EBITDA thresholds for 2025. On April 22, 2025, Tantalus repaid in full the outstanding balance of the Line of Credit facility. At September 30, 2025, the trailing 6-month EBITDA threshold was \$200. The Company met this threshold and was in compliance with the Line of Credit facility.

#### (b) Term Loan

On May 21, 2025 the Term Loan was amended to (i) defer all principal payments for a period of six months starting effective May 2025, (ii) defer six months of interest payments which we will be added to the outstanding loan balance, (iii) extend the maturity date under the loan agreement by six months to coincide with the deferral period; and (iv) defer the testing of Debt Service Coverage Ratio from December 31, 2025 to December 31, 2026. In the event of a loan modification, IFRS 9 – Financial Instruments was applied to determine if there was a substantial modification of the loan based on the consideration of quantitative and qualitative factors. The Company applied these standards and concluded that no substantial modification had occurred. The Company calculated the present value of the estimated future contractual cash flows using the original effective interest rate. Based on this calculation, a modification adjustment of \$16 was recorded in profit and loss and a reduction in the carrying amount of the loan liability. The balance outstanding as at September 30, 2025 was \$6,983 (December 31, 2024: \$7,000) which included the impact of the loan modification adjustment and deferred finance costs. The Term Loan bears interest at United States prime interest rate plus 5.00% per annum and the average interest rate during the three-months and nine-months ended September 30, 2025 was 12.40% and 12.50%, respectively (three-months and nine-months ended September 30, 2024: 13.30% and 13.50%, respectively).

At September 30, 2025, the Company was in compliance with the Term Loan.



# TANTALUS SYSTEMS HOLDING INC.

## Notes to Consolidated Financial Statements (Unaudited)

*(Expressed in thousands of U.S. dollars except for shares)*

Three-months and nine-months ended September 30, 2025 and 2024

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### 7. Share Capital

#### (a) Authorized share capital:

Unlimited common shares, with no par value. Issued and outstanding common shares as at September 30, 2025 were 51,434,153.

Unlimited preferred shares, with no par value. There were no issued and outstanding preferred shares as at September 30, 2025.

#### (b) Stock Option Plan

On April 22, 2025, the Board approved certain amendments to the Omnibus Long Term Incentive Plan ("LTIP") and, at the Company's annual general and special meeting of shareholders on June 10, 2025, the LTIP and all unallocated options, rights, and other entitlements issuable thereunder were approved by the Company's shareholders. The amended LTIP now reflects a bifurcated option pool where the shares reserved for issuance pursuant to the issued and outstanding options granted prior to the qualifying transaction of the Company completed on January 29, 2021 (the "Pre-Qualifying Transaction Options") are capped at 3,887,582 shares and the maximum number of shares reserved for issuance (other than the shares reserved for issuance pursuant to the Pre-Qualifying Transaction Options) pursuant to awards granted under the LTIP, together with any other security based compensation arrangement maintained by the Company, will not exceed 12% of the total issued and outstanding shares from time to time. As of September 30, 2025, the LTIP allows for a maximum of 10,059,680 common shares to be available under the LTIP. As of September 30, 2025, the Company had total stock options of 8,468,022 and 765,889 restricted share units ("RSUs") outstanding resulting in 825,769 common shares available for issuance under the LTIP.

During the three months ended September 30, 2025, 30,898 shares were issued from the exercise of stock options (2024: nil). During the nine months ended September 30, 2025, 355,156 shares were issued from the exercise of stock options (2024: nil).

Stock option activity under the LTIP is provided below:

# TANTALUS SYSTEMS HOLDING INC.

## Notes to Consolidated Financial Statements (Unaudited)

(Expressed in thousands of U.S. dollars except for shares)

Three-months and nine-months ended September 30, 2025 and 2024

### 7. Share Capital (continued)

#### (b) Stock Option Plan (continued)

	Number of Options	Weighted Average Exercise Price (CAD\$)
Balance at December 31, 2023	7,767,370	\$ 1.21
Granted during the period	379,176	\$ 1.79
Forfeited during the period	(61,038)	\$ 1.00
Expired during the period	(42,073)	\$ 1.00
Balance at December 31, 2024	8,043,435	\$ 1.24
Granted during the period	1,320,690	\$ 2.26
Exercised during the period	(735,858)	\$ 1.00
Forfeited during the period	(31,167)	\$ 1.00
Expired during the period	(129,078)	\$ 1.00
<b>Balance at September 30, 2025</b>	<b>8,468,022</b>	<b>\$ 1.42</b>

As of September 30, 2025, the number of stock options outstanding and exercisable and the exercise price was as follows:

Option Grant Date	Options Outstanding	Options Exercisable	Exercise Price (CAD\$)
2018 to 2020	3,856,184	3,856,184	\$ 1.00
February 9, 2021	18,284	18,284	\$ 1.64
February 9, 2021	112,000	112,000	\$ 2.25
August 17, 2021	179,000	179,000	\$ 2.11
November 17, 2021	706,519	679,065	\$ 2.10
December 24, 2021	14,000	13,417	\$ 1.79
March 24, 2022	1,047,840	916,860	\$ 1.35
May 15, 2022	16,423	13,344	\$ 1.28
May 15, 2023	427,402	240,414	\$ 1.20
July 27, 2023	27,838	13,919	\$ 0.78
November 6, 2023	41,500	18,156	\$ 0.75
December 18, 2023	321,166	140,510	\$ 0.79
May 24, 2024	42,500	13,281	\$ 1.57
August 8, 2024	56,000	14,000	\$ 1.47
November 14, 2024	30,000	-	\$ 1.79
December 17, 2024	40,676	-	\$ 1.93
December 30, 2024	285,000	-	\$ 1.90
January 13, 2025	406,345	-	\$ 2.04
February 24, 2025	388,845	-	\$ 1.75
March 18, 2025	32,000	-	\$ 1.79
April 22, 2025	37,000	-	\$ 1.92
June 1, 2025	25,000	-	\$ 2.40
Aug 8, 2025	321,500	-	\$ 3.30
Sept 2, 2025	17,500	-	\$ 2.87
Sept 15, 2025	17,500	-	\$ 3.10
<b>Balance at September 30, 2025</b>	<b>8,468,022</b>	<b>6,228,434</b>	<b>\$ 1.23</b>

# TANTALUS SYSTEMS HOLDING INC.

## Notes to Consolidated Financial Statements (Unaudited)

(Expressed in thousands of U.S. dollars except for shares)

Three-months and nine-months ended September 30, 2025 and 2024

### 7. Share Capital (continued)

#### (b) Stock Option Plan (continued)

During the three-months and nine-months ended September 30, 2025, the fair value of options granted was \$546 (2024: \$nil) and \$1,348 (2024: \$37), respectively. The remaining unrecognized cost of the LTIP as of September 30, 2025, and December 31, 2024, was \$1,097 and \$350, respectively. The weighted average remaining life of outstanding options was 1.47 years as of September 30, 2025 (December 31, 2024: 1.76 years).

The fair value of the options granted was estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions with volatility based upon historical experience:

	September 30, 2025	December 31, 2024
Risk free interest rate	2.69%-3.24%	3.00%-4.38%
Dividend yield	0%	0%
Expected life (in years)	3 to 4.5 years	5.5 to 7 years
Forfeiture rate	6.85% to 7.46%	7.46%
Volatility	98.4% to 107.9%	107.6%

#### (c) Restricted Share Units (“RSUs”)

During the nine months ended September 30, 2025, 290,605 RSUs with a fair value of \$697 were granted and 39,121 RSUs were exercised and settled with 18,191 shares being issued, net of statutory withholdings. During the year ended December 31, 2024, the Company granted 303,387 RSUs with a fair value of \$401. The RSUs vest equally over three years and will be share-settled, net of statutory withholdings, through the issuance of shares from treasury.

	Restricted Stock Units
Balance at December 31, 2023	211,018
Granted during the period	303,387
Balance at December 31, 2024	514,405
Granted during the period	290,605
Exercised during the period	(39,121)
<b>Balance at September 30, 2025</b>	<b>765,889</b>

#### (d) Warrants

During the nine months ended September 30, 2025, 214,864 (2024: nil) shares were issued upon exercise of warrants. In the prior year, 353,514 warrants were granted as part of the May 2024 Financing which were recorded as share issuance costs.

# TANTALUS SYSTEMS HOLDING INC.

## Notes to Consolidated Financial Statements (Unaudited)

*(Expressed in thousands of U.S. dollars except for shares)*

Three-months and nine-months ended September 30, 2025 and 2024

### 7. Share Capital (continued)

#### (d) Warrants (continued)

	Warrants
Balance at December 31, 2023	-
Granted during the period	353,514
Balance at December 31, 2024	353,514
Exercised during the period	(214,864)
<b>Balance at September 30, 2025</b>	<b>138,650</b>

#### (e) Share-based compensation expense

The Company has allocated the share-based compensation expense by function as follows:

	Three months ended September 30, 2025	Three months ended September 30, 2024	Nine months ended September 30, 2025	Nine months ended September 30, 2024
<b>Share-based Compensation</b>				
Sales and marketing	\$ 28	\$ 15	94	58
Research and development	21	8	76	59
General and administrative	204	51	629	266
<b>Total</b>	<b>\$ 252</b>	<b>\$ 74</b>	<b>\$ 800</b>	<b>\$ 383</b>

### 8. Income (Loss) per Share

Income (loss) per share represents income (loss) for the period divided by the weighted average number of common shares outstanding during the period. Basic and diluted weighted average number of shares outstanding for the three-month period ended September 30, 2025 was 51,335,322 (2024: 50,845,942) and for the nine-month period ended September 30, 2025 was 51,088,896 (2024: 47,561,270).

For all the periods presented, diluted income (loss) per share equals basic income (loss) per share due to the anti-dilutive effect of the share-based payment plans.

### 9. Commitments and Contingencies

- (a) In the ordinary course of business, the Company enters into purchase order commitments for the delivery of its products pertaining to existing and anticipated customer orders over the next twelve months from its primary vendors. As of September 30, 2025, the Company had outstanding purchase order commitments of \$21,026 (December 31, 2024: \$18,596).

# TANTALUS SYSTEMS HOLDING INC.

## Notes to Consolidated Financial Statements (Unaudited)

(Expressed in thousands of U.S. dollars except for shares)

Three-months and nine-months ended September 30, 2025 and 2024

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### 9. Commitments and Contingencies (continued)

- (b) The Company may be subject to a variety of claims and suits that arise from time to time in the ordinary course of business. Although management currently believes that resolving claims against the Company, individually or in aggregate, will not have a material adverse impact on the Company's financial position, results of operations, or cash flows, these matters are subject to inherent uncertainties and management's view of these matters may change in the future.
- (c) In the ordinary course of business, indemnification provisions are included in agreements with the Company's customers. Generally, such indemnification provisions are subject to limitations of liability provisions that exclude certain damages from what the Company may be obligated to indemnify the Customer for in connection with the agreement and/or set a cap on the Company's indemnification obligation tied to revenue generated from such agreement. In certain limited instances, the Company's indemnification obligation may not be subject to such aforementioned limitations and/or caps. As a matter of practice, the Company's customer agreements generally include provisions pursuant to which its customers indemnify the Company for certain potential liabilities that may arise in connection with or relating to the agreements between the parties. Management currently believes that individually or in aggregate, these indemnification provisions will not have a material adverse impact on the Company's financial position, results of operations, or cash flows.

### 10. Segmented Information

#### Operating segments

The Company's revenues are derived through two operating segments, including:

- 1) *The Connected Devices Segment.* This segment is responsible for the sale of the Company's proprietary edge computing modules that are integrated into multiple devices deployed across a utility's distribution grid including meters, sensors, street lighting fixtures and distribution automation equipment. Revenue generated from this segment also includes the sale of the Company's proprietary multi-relay load control switches and a suite of communication infrastructure devices that are deployed to deliver an industrial network-of-things / IoT smart grid including base stations, repeaters and collectors; and
- 2) *The Software and Services Segment.* This segment is responsible for the sale of the Company's proprietary mission-critical enterprise software applications AI-enabled data analytics and a suite of professional services to support utilities. Revenue is generated from this segment through the sale of software licenses, software as a service ("SaaS") and other subscriptions, hosting services, professional services (including project management, deployment, installation, and engineering support), and post-contract technical support and annual software maintenance services.

# TANTALUS SYSTEMS HOLDING INC.

## Notes to Consolidated Financial Statements (Unaudited)

(Expressed in thousands of U.S. dollars except for shares)

Three-months and nine-months ended September 30, 2025 and 2024

### 10. Segmented Information (continued)

Corporate includes all operating expenses of the Company.

A breakdown of revenues and cost of sales for each operating segment for the three-months and nine-months ended September 30, 2025, and September 30, 2024, is as follows:

Three months ended September 30, 2025		Connected Devices		Software and Services		Corporate		Total
Revenues	\$	9,303	\$	4,894	\$	-	\$	14,197
Cost of sales		5,109		1,287		-		6,397
Gross profit		4,193		3,607		-		7,800
Expenses		-		-		7,276		7,276
Operating income (loss)	\$	4,193	\$	3,607	\$	(7,276)	\$	524

Three months ended September 30, 2024		Connected Devices		Software and Services		Corporate		Total
Revenue	\$	7,147	\$	4,442	\$	-	\$	11,589
Cost of sales		4,194		850		-		5,044
Gross profit		2,953		3,592		-		6,545
Expenses		-		-		6,472		6,472
Operating income (loss)	\$	2,953	\$	3,592	\$	(6,472)	\$	73

Nine months ended September 30, 2025		Connected Devices		Software and Services		Corporate		Total
Revenues	\$	25,949	\$	13,239	\$	-	\$	39,188
Cost of sales		14,525		3,416		-		17,941
Gross profit		11,424		9,823		-		21,247
Expenses		-		-		21,270		21,270
Operating income (loss)	\$	11,424	\$	9,823	\$	(21,270)	\$	(23)

Nine months ended September 30, 2024		Connected Devices		Software and Services		Corporate		Total
Revenue	\$	19,912	\$	11,810	\$	-	\$	31,722
Cost of sales		11,438		2,857		-		14,294
Gross profit		8,474		8,954		-		17,428
Expenses		-		-		19,260		19,260
Operating income (loss)	\$	8,474	\$	8,954	\$	(19,260)	\$	(1,832)

Revenues attributed to the following geographic regions based on customer location is as follows:

		Three months ended September 30, 2025		Three months ended September 30, 2024		Nine months ended September 30, 2025		Nine months ended September 30, 2024
United States <sup>1</sup>	\$	14,160	\$	11,554	\$	38,905	\$	31,404
Canada <sup>2</sup>		37		35		284		318
Total	\$	14,197	\$	11,589	\$	39,188	\$	31,722

(1) United States includes revenues attributed to the US Virgin Islands based in the Caribbean basin.

(2) Canada includes revenue attributed to Belize and Guyana.

# TANTALUS SYSTEMS HOLDING INC.

## Notes to Consolidated Financial Statements (Unaudited)

*(Expressed in thousands of U.S. dollars except for shares)*

Three-months and nine-months ended September 30, 2025 and 2024

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### 11. Financial instruments

#### (a) Financial assets and liabilities

As of September 30, 2025 and December 31, 2024, the carrying values of cash, accounts receivable, accounts payable and accrued liabilities, the line of credit and term loan approximate their fair value due to their ability to be promptly liquidated, their short term to maturity, or their use of market rates.

Financial instruments are analyzed using the following hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial assets and liabilities carried at amortized cost are considered Level 2 instruments, because while observable prices and inputs are available, they are not quoted in an active market. There has not been any transfer between fair value hierarchy levels during the three-months and nine-months ended September 30, 2025.

#### (b) Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- interest rate risk;
- credit risk;
- foreign currency exchange rate risk; and
- liquidity risk.

##### (i) Interest rate risk

All of the Company's financial assets are non-interest bearing except for cash which generates interest at market rates. The Line of Credit facility bears interest at a floating rate based on the bank's prime rate plus 1.25% per annum and had no outstanding balance as of September 30, 2025 (December 31, 2024: \$3,679).

The Term Loan bears interest at the United States prime interest rate plus 5.00% per annum and had a balance, excluding deferred finance costs, of \$7,076 as of September 30, 2025, and \$7,000 as of December 31, 2024. A potential percentage change in the United States' prime rate of 1.00% will have an impact of

# TANTALUS SYSTEMS HOLDING INC.

## Notes to Consolidated Financial Statements (Unaudited)

*(Expressed in thousands of U.S. dollars except for shares)*

Three-months and nine-months ended September 30, 2025 and 2024

### 11. Financial instruments (continued)

#### (b) Financial risk management (continued)

\$18 on interest expense for the three-month period ended September 30, 2025 (2024: \$8), and \$53 for the nine-month period ended September 30, 2025 (2024: \$23).

#### (ii) Credit risk

The Company's financial instruments that are exposed to concentrations of credit risk are primarily accounts receivable. Credit risk pertaining to the Company's accounts receivable is the risk of financial loss if a customer fails to meet its contractual obligations and arises from the Company's receivables. Accounts receivable primarily consist of trade accounts receivable from utility companies which have low risk of default. With respect to accounts receivable, the Company requires letters of credit or other guarantees whenever deemed necessary. The Company applies the IFRS 9 simplified model of recognizing lifetime expected credit losses for all trade receivables.

The aging of accounts receivable as at September 30, 2025 and December 31, 2024 are provided below:

	September 30, 2025	December 31, 2024
Current	\$ 4,951	1,222
31-90 days	1,243	7,281
91-180 days	625	282
Over 180 days	1,408	2,078
Less: Allowance for doubtful accounts	(660)	(852)
<b>Total</b>	<b>\$ 7,567</b>	<b>10,011</b>

#### (iii) Foreign currency exchange rate risk

Although substantially all of the Company's revenues are received in U.S. dollars, the Company incurs operating costs primarily attributable to its services business and has outstanding trade and other payables denominated in Canadian dollars and other foreign currencies. Fluctuations in the exchange rates between these currencies could have a material effect on the business, financial condition and results of operations.

The Company maintains certain financial instruments, inclusive of a portion of its cash, in Canadian dollars which are translated to its U.S. dollar functional currency resulting in an unrealized foreign exchange gain or loss. The Company does have exposure to the impact of foreign exchange fluctuations pertaining to its financial position as at September 30, 2025 and December 31, 2024. With all other variables remaining constant, a 10% change of the Canadian dollar versus the U.S. dollar would have had a \$26 impact for the three months ended September 30, 2025 (2024: \$47) and a \$77 impact for the nine months ended September 30, 2025 (2024: \$141).



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## Notes to Consolidated Financial Statements (Unaudited)

*(Expressed in thousands of U.S. dollars except for shares)*

Three-months and nine-months ended September 30, 2025 and 2024

### 11. Financial instruments (continued)

#### (b) Financial risk management (continued)

##### (iii) Foreign currency exchange rate risk (continued)

The consolidated statements of financial position include the following amounts denominated in Canadian dollars at their equivalent U.S. dollar amounts:

<b>(In Canadian dollars)</b>	<b>September 30, 2025</b>	<b>September 30, 2024</b>
Cash	\$ 299	\$ 3,848
Accounts receivable	227	353
Accounts payable and accrued liabilities	(1,948)	(1,635)
<b>Total</b>	<b>\$ (1,422)</b>	<b>\$ 2,566</b>

At present, the Company does not hedge against foreign currency exchange rate risk.

##### (iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company constantly monitors its operations and cash flows to ensure that current and future obligations will be met when due.

The maturities of the Company's financial liabilities are as follows:

	<b>September 30, 2025</b>
Less than 90 days:	
Accounts payable and accrued liabilities	\$ 15,348
Less than one year:	
Term Loan (see Note 6 Loans)	\$ 1,402
Lease liabilities	769
Greater than one year:	
Term Loan (see Note 6 Loans)	\$ 5,581
Lease liabilities	1,093

# TANTALUS SYSTEMS HOLDING INC.

## Notes to Consolidated Financial Statements (Unaudited)

*(Expressed in thousands of U.S. dollars except for shares)*

Three-months and nine-months ended September 30, 2025 and 2024

### 12. Related Party Transactions

The following table discloses the compensation amount of the Board and key management personnel in the ordinary course of their employment, recognized as an expense during the reporting periods. Key management personnel have authority and responsibility for overseeing, planning, directing, and controlling the activities of the Company and consist of the Company's executive officers. The remuneration of key management for the three-months and nine-months ended September 30, 2025, and September 30, 2024, are as follows:

	Three months ended September 30, 2025	Three months ended September 30, 2024	Nine months ended September 30, 2025	Nine months ended September 30, 2024
Salary and benefits	\$ 806	\$ 677	\$ 2,402	\$ 1,755
Share-based compensation	164	41	542	186
<b>Total</b>	<b>\$ 970</b>	<b>\$ 718</b>	<b>\$ 2,944</b>	<b>\$ 1,941</b>

On August 8, 2025, the Board of Directors approved the issuance of 230,000 stock option grants and 290,605 restricted share unit grants to directors and management. Prior year comparable figures have been adjusted to account for variable compensation.

### 13. Reclassification of Comparative Figures

Certain comparative figures have been reclassified to conform to the current year presentation.